

June 5, 2001

I keep thinking that I should be looking for another job. Then I think, that if, in fact, the company does try to eliminate me...or my job, they will probably offer me at least one year and that I should be able to get them to go to two years. And, I know that they gave it as a lump sum to Donovan and they last guys they eliminated. So, If I got that, and then went to work for another company, I could be a couple of hundred thousand to the good..

Therefore, game plan will be to really work at keeping contacts open and free flowing with old friends in management positions in the business: Paterno, Cosgrove, Crosno, Demma, Russ Howell, Dan Friedman, Kevin Burke, Mark Lemp, etc.



JLSK 0086

Yesterday, I introduced her to Paul Muller, President of NSRA. And, later, Charman Emeritus of NSRA Stanley Strum. She was very nice to both. Stanley invited her to the next meeting before the Vegas Show. She didn't accept or decline...

Aug. 5, 2001 - 6:15 AM - my room at the Venetian.

Fired again! Yesterday morning, I was just feeling some vibes and I asked Geof Ward if I was on the list. He said, "It's possible. But, he said that he really wasn't in the loop and didn't know any more." A little later, I spoke to Glen. He said that we needed to talk... a little later in the day.

After most of the customers had gone, Glen pulled me aside to tell me that he thought it would be a good idea if I started looking. He said corporate profits were way down and that major, major cuts were coming down and that he might have to start making calls this coming Tuesday or Wednesday. And, that both Bob and I would be affected.

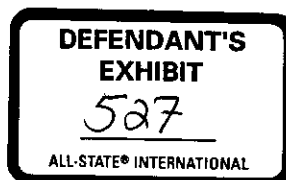
Then, Jerry Hemphill told me that Art Parks had been terminated. I was so pissed, I walked over to Paterno and told him I wanted out. He said he might have some trouble because his contract wouldn't allow him to take anyone for a year. I told him I'd drop out for 3 months. But, that I hated the group and wanted out.

Then, I walked over to Demma and Tunny and told them the same thing. They both just about fell out of their chairs and told me how badley they wanted me six months ago.. (Actually, it was a year and a half ago.) Anyway, they jokingly said that'd have to figure out who to fire...

So, I walked back to the sample room and Glen was in the presentation room. I walked in and he told me that he wsn;t supposed to tell me until next week, and it wasn't all finalized, but, it was 95% certain that Bob and I were gone.

I asked about termination pay and he said that it looked like 26 weeks were going to be the maximum. I told him that was totally inappropriate and that I expected at least two years. Then I reviewed how Jones had stopped the pension program and that I was 59 and that I had 30 years in and was one of the founders, etc. Glen said he would go to bat and do the best he could..

So, I walked out, through Terbrock and Hemphill, and went to the bar in the middle of the Venetion where I saw Art. He was a little teary and sold me what happened. Hen I told him. He was really surprised that I got it too.



JLSK 0091

Then, we went to the steak house we had previously planned to go to for dinner. We commiserated, determined to sue the company for age discrimination, and saw Terry Kennedy who agreed that we should sue.

I didn't sleep worth a darn last night. Was up this morning at 5:00. I called Marilyn, who took the news just great. She really is special.

Then, I called Bob Deaton, who is planning to leave on a cruise for Mary Ann's birthday tomorrow morning and told him. I told him I shouldn't really be making the call, and that Glen would probably be calling him next week, but....

He expressed gratefulness for my call, my help with his career, and my friendship. I told him I'd do everything I could to help him get relocated...

So, Now that I've made these notes, I plan to meet Parks and Jerry Hemphill for breakfast, go get my sample cases from the sample room, leave my samples for someone else to pack up because I can't get in to pick up my sample cases...unless I can...and then come back here.

Back here, I'll call Dad, Griff, and Chris and let them know. And then I'll make my To Do lists and start prioritizing what I have to do to find another job.

Changed my flight reservations to a flight that leaves for Cincinnati at 3:00 PM.

Lets see.

Fired at Wohl

Fired at Milgram Kagan

Fired at Craddock Terry

Fired at Nine West

Four times in 35 years..... Just ain't no fun.

However, the past has helped strengthen my foundation. I will focus my efforts.. First on finding a new job, second on securing all that I should get from Nine West, and third, suing those assholes!

Aug. 12, 2001 – Home in my office – warm & Humid – 9:00 AM

One week ago today, I was eating breakfast in Las Vegas with Art Parks and Jerry Hemphill. A few minutes earlier, Art and I had gone over to our show rooms and packed up our brief cases, leaving our samples and sample cases for someone else to pack, and left the area.

During the week that followed, I've done the following:

On Tuesday, rec'd a call from Mim and the person in charge of HR and went through that conversation as shown below.

Talked to Phil Barach, and gotten his attorney. Paul or Pete Tobias. (Wonder if he's any relative to the Tobias that worked for International that turned over the territory in Arizona to Dad?)

Made an appointment with him for next Tuesday...
Written up the following...

Kerstine Saved as Termination Notes.doc

Aug. 8, 2001

I was employed by The United States Shoe Corporation from July 1966 to November 1987. During that 21 ½ year period of time, I moved quickly up the ranks. I went from entry-level Customer Service to Manufacturing Personnel to The Director of Manufacturing Personnel and Training. From there, I was promoted into Sales Training and then to Account Executive (Where I was Man of the Year). After 19 years I was promoted to National Sales Manager of the Red Cross Division. At the time, the Red Cross Division of U.S. Shoe was the largest domestic women's shoe company in the United States.

Then I left U.S. Shoe to join Wohl Shoe Co. as Exec VP. Throughout a total period of five years, I worked for several major shoe companies.

In December of 1992, I was re-hired by U.S. Shoe as Sales Manager for the Easy Spirit Division. (This is a division that I helped found when I was Sales Manager of Red Cross five years before.) When I was hired back, The President of U.S. Shoe, Mickey Schulman, and the President of The Easy Spirit Division, Joe Dzialo, told me that they would re-instate my seniority.

From 1994 forward, U.S. Shoe was purchased by Nine West Group and then Nine West Group was purchased by Jones Apparel. During these times, several shoe divisions, such as Joyce and Selby were discontinued. Severance policies were in effect so that most long-term employees (Over 20 Years) were given severance bridge payments in amounts equal to two times the number of years worked. Most maxed out at an amount equal to one year's pay. However, there were some instances, with top management, when two years were granted. This format continued into 1999 when, at least one employee that I know of was granted a year bridge in a lump sum payment. I was told this amount was also effective for long-term personnel in the Cincinnati Warehouse, which was closed sometime in 1999.

On Sat. Aug. 4th, at the end of the day of the Las Vegas Shoe Show, after I had turned in all orders I was called into one of our show rooms by Glen Ross, the EVP of Sales, and told, that because of decreased corporate earnings, there were going to be major lay offs within the Easy Spirit Division. He said that my region, consisting of Indiana, Kentucky, Eastern Ohio, Michigan, and West Virginia, was going to be eliminated and that Bob Deaton, (who was my associate sales person (An Account Executive) and who had been with the company for 3 years), and I would be terminated. In addition Rich Halperin who was in the North East Region, and Art Parks who sold the military would be eliminated during a phone call that would be made on Tuesday, Aug 7th. Also, he said, the company would be laying off all Marketing Associates (Entry level sales personnel.) There were 14. Many of these did actually did get laid off. Some were promoted to the Account Executive Level.)

JLSK 0093

(I should note here, that if there was any heart in the company at all, they would have told me while the shoe show was still going because that would have been the best time to make contact with other company's officials.)

Estimated Ages and yrs of svc of the Regional Sales Directors:

Howard Kerstine	59	30
Jerry Hemphill	54	25
Bob Terbrock	54	10
Rich Halperin	50	10
Charles Farris	40	7
Janine Riley	40	2 (Was with another division before – don't know how long)
Steven Falk	30	(Just promoted to Key Acct Mgr)

I was the highest paid of all Regional Sales Directors and Art was the highest paid of all Account Executives.

Art Parks was the oldest Account Executive at age 56 with 35 years of service. The only other Acct Exec laid off is Bob Deaton (Who I just heard, was NOT laid off after all and will take my old Region and will report to Charles Farris.) (I am not certain if this is true.)

On Tuesday, I received a call from Jeanne Orr? In Personnel and Mim Shreck – President of the Easy Spirit Division.

They told me that they were re-structuring the division and eliminating my region and that I was terminated effective immediately. They said they had calculated my termination pay based on 8 years of service. I stopped them and told them that I had been in the company for 21 ½ years, had a break, and then came back to serve another 8 ½ years. And, that the President of the company and the President of the Easy Spirit Division had re-instated my seniority. (This was evidenced by the fact that I got my 25-year award...and, later in the day in an announcement to all personnel, Glen said that I had had 30 years with the company.)

I said I should get full credit for the full 30 years. I said that I was 59 years old with a history of heart problem, and that it would be very difficult to get a comparable job at this age. They made no comment.

They said they would check my records and call me back after checking about the period of employment before the last eight and a half.

I then told them that 3 years ago, I had been the VP of Sales. At that time the President of the Division, Rick Paterno, told me that I could elect one of three choices., I could do whatever I chose. I could move to White Plains and continue as VP Sales from there, or I could fly to White Plains and spend two days a week there and then spend the other three days flying around rest of the country (which is what I was doing), or...take the Midwestern Region...which I was already running, in addition to everything else, and stay there and work there as a Regional Sales Director just as long as I wanted and until I retired. After talking it over with my wife, we chose the latter..

I told them my record of service was outstanding: I was Man of the Year: I was one of four people in the old Red Cross Division who started Easy Spirit. I told them that I sold the 1st pair of Mach 1s ever sold. Most of the people now on the sales force worked for me at one time or the other. I was the 1st person with a computer and started everyone else getting them and training them. While I was in management, my accounts averaged 22% per year – higher than any other sales manager. More recently, over the last several years since I took a region, my shipments were up significantly, even up to this last 1st 6 month period when

my shipments were up 20% and my bookings on the 1st spring trip are up 66.32 %... which is significantly higher than the division. And, as of the day I was told I was to be terminated at the Vegas Shoe Show, I had sold more pairs there than any other sales person.

Jackie Orr called me back and said she had searched my personnel records and found nothing about any agreement to reinstate my seniority.

I said I would be glad to give her the phone number of Joe Dzialo or Mickey Shuleman. She said that wouldn't matter because they were no longer in the company.

She said that they had decided to give me credit, instead of for the 8 years, for 26 weeks. But, that was the maximum under this restructure and no one had gotten, or would get, more than 26 weeks.. However, I had just spoken to my associate Art Parks, who told me that they had given him a full year!

I told her I had spoken with Art and that he had just told me they had given him a year. I asked her why she was lying to me.

She said she couldn't comment on someone else's employment terms and said no more except that they would send me the package to sign to accept 26 weeks..

It also should be noted that I have the watch they gave me for 25 years of service.

.....

One additional note. This is one of those companies that all at once decided to immediately stop making contributions to the pension program, after promising their employees for years that they would get @ ½ their salary if they took normal retirement at 65 and began, instead, quoting lump sum amounts. I understand that many feel this is highly discriminatory toward the older employees.

.....

I was offered no job Placement help.

.....

In addition to that, I re-wrote my resume, had the kids print it up, and have it ready to start sending and Emailing tomorrow morning.

I've spoken with my top ten accounts to tell them that I was gone and who to contact. I've spoken to the President and EVP of Naturalizer, who are looking for a Sales Manager for Independents, Dan Friedman at Keds, Mark Lemp(who has really been trying to help. He's called me twice a day since this happened..), Norm Finn at Amasia about taking over Catalogue Sales (Which came from an idea that Bernie Weener had..), Rich Demma and Rick Paterno about anything available there, Mike ...at RockyBoots, and a host of other people.

Phil Barack has been on the phone with me several times. He's writing a letter to CEO of Jones Apparel on my behalf for a year termination pay.

Bob Stix called suggesting that he put me in touch with GE Long Term Insurance to see if I was interested...

So, once again, working my tail off at finding another job!

Some back of the brain thoughts...wishes..dreams....

Sue their asses off to get full salary and benefits paid to age 65... (And, maybe even some damage money...)

Then...ride, write, move to the southwest, and live the good life.

Wouldn't it be great if this were one of the best things that ever happened to me?

May 6, 2002

What a great week! I got the job with Mark Lemp! \$80,000.00 draw and \$25,000.00 expenses. 3 weeks vacation. They will pay me direct a max of \$10,000.00 toward our move to the region. So, that nets out to \$105,000 plus \$10. for the move or \$115,000. (John's opening bid was for \$90,000 and and I pay my own 25,000 expenses out of that...which would have yielded only \$65,000.00. And he initially offered to only pay half of my moving expenses. So, that would have yielded \$95,000.00 vs the \$115 I got. I think the negotiations turned out very well.

JLSK 0118

**DEFENDANT'S
EXHIBIT**

535

ALL-STATE® INTERNATIONAL

I'm really excited about the job! I begin on 1 June and will drive back to St. Louis on Sunday, June the 2nd and start by attending an evening with Mark Lemp at his house on Sunday and then a two day sales meeting beginning on Monday.

Then, back here for a few days and a brief visit to Atlanta to see the kids. Then, the drive to Arizona and the beginning of a new job! I really am excited. Besides that, at the end of a few years, we will end up in Phoenix or Tucson...with a company paid move...and, hopefully have been able to grow our \$600,000.00 savings by appreciation to about \$750,000.00 and have been able to add another \$250,000.00 by settling the law suit against Nine West. So, could be at a great place to retire with a million bucks in our pockets. Wouldn't that be terrific? It is very possible!